

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-01 INR-05

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

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E.O. 11652: N/A

TAGS: EIND ENRG GR

SUBJ: GOG OIL EXPLORATION AND INVESTMENT POLICY

REF A. ATHENS 8874 B. ATHENS 8069

1. DURING DEC 18 COURTESY CALL BY EMBOFFS, INDUSTRY
MINISTRY SECRETARY GENERAL G. MATTHAIUDAKIS COMMENTED ON
GOG POLICY ON OIL EXPLORATION AND EXPLOITATION, AND ON
FOREIGN INVESTMENT.

2. GENERAL OIL POLICY - MATTHAIUDAKIS, REFERRING TO GOG
REVIEW OF ITS OIL EXPLORATION AND DEVELOPMENT POLICY, STATED
THAT WHILE GOG DETERMINED TO LIVE UP TO ITS CONTRACTUAL COM-
MITMENTS IT WILL ALSO SEEK IMPROVE TERMS OIL EXPLORATION
CONTRACTS TO REFLECT NEW INTERNATIONAL REALITIES. HE
CONFIRMED THAT OIL EXPLORATION AND DEVELOPMENT CONTRACTS
WILL IN FUTURE BE AWARDED ON BASIS INTERNATIONAL TNEDERS,
ADDIGN THAT HE HOPED FIRST SUCH TENDER COULD BE HELD IN
JANUARY 1975. AS REGARDS OIL EXPLORATION AND DEVELOPMENT
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AGREEMENTS WHICH THOUGH RATIFIED HAVE NOT AS YET BEEN

IMPLEMENTED, THE SECRETARY GENERAL STATED, THOUGH WITH SOME RESERVATION, THAT THESE WILL ALSO BE REVISED IN ACCORDANCE WITH GOG'S NEW OIL EXPLORATION AND DEVELOPMENT POLICY, WHICH IS STILL IN PREPARATION.

3. OCEANIC - MATTHAIUDAKIS, IN COMMENTING SPECIFICALLY ON OCEANIC CASE, STATED THAT SINCE CONTRACT SIGNED THE RISE IN THE MARKET VALUE OF PETROLEUM HAS FAR OUTSTRIPPED THE RELATIVELY SMALL INCREASE IN DEVELOPMENT COSTS, AND THAT OCEANIC WOULD UNDER PRESENT CONTRACT REAP WINDFALL BENEFITS. GOG HAS THEREFORE PROPOSED CERTAIN CONTRACTUAL EVISIONS AND IS AWAITING OCEANIC'S REPLY. EMBOFF COMMENTED THAT ONE ASPECT OF CASE IS POSSIBLE ADVERSE EFFECT ON POTENTIAL FUTURE INVESTORS. MATTHAIUDAKIS REPLIED THAT GOG IS FULLY AWARE THAT UNLESS A MUTUALLY SATISFACTORY ARRANGEMENT IS ACHIEVED PROSPECTS FOR ATTRACTING MORE FOREIGN COMPANIES TO SEARCH FOR OIL IN GREECE WILL BE DIMMED.

4. STRAN REFINERY - REFERRING TO THE STRAN 6 MILLION TON/YEAR CAPACITY REFINERY PROJECT, THE GOG WILL HONOR CONTRACT DESPITE FACT THAT PROFESSOR ANDREADIS' AGREEMENT WITH THE GREEK STATE WAS SIGNED BY THE MILITARY REGIME. THE ONLY BASIC AMENDMENT TO THE ORIGINAL CONTRACT WOULD BE THE SITE, WHICH REMAINS UNDETERMINED BUT WHICH WILL DEFINITELY NOT BE MEGARA.

5. OTHER PROJECTS - MATTHAIUDAKIS CONFIRMED REPORTS EMBASSY HAD RECEIVED FROM OTHER SOURCES THAT \$200 MILLION BAUXITE PARNASSE, CHASE MANHATTAN ET AL ALUMINA PLANT (REF B) STILL IN PRELIMINARY NEGOTIATION STAGE, AND NO CONTRACT YET SIGNED. HE ALSO CONFIRMED THAT THE AGREEMENT BETWEEN LOCKHEED AND GOG ON THE AIRCRAFT MAINTENANCE FACILITY IS STILL UNDER CONSIDERATION.

6. INVESTMENT LAW 2687 - MATTHAIUDAKIS DENIED EMPHATICALLY PRESS REPORT (SEE REF A) THAT GOG INTENDING TO AMEND BASIC GREEK FOREIGN INVESTMENT LAW 2687. HE ALSO DENIED THAT GOG WOULD BACK OUT OF ALLEGEDLY ONEROUS CONTRACTS SIGNED BETWEEN GREEK STATE AND LOCAL AND FOREIGN INVESTORS DURING PERIOD OF MILITARY DICTATORSHIP, ALTHOUGH HE ADMITTED SOME MUTUALLY ACCEPTABLE REVISIONS MIGHT BE LIMITED OFFICIAL USE

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